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MISSION

## OMB APPROVAL

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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

## SEC FILE NUMBER

8-50911

## FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING January 1, 2007 AND ENDING December 31, 2007  
MM/DD/YY MM/DD/YY

Washington, DC  
103

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Bengal Partners, LLC

## OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

3 Parklands Drive, Suite 101

(No. and Street)

Darien

(City)

Connecticut

(State)

06820

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Gennaro J. Fulvio

212-490-3113

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Halpern &amp; Associates,

(Name - if individual, state last, first, middle name)

218 Danbury Road

(Address)

Wilton

(City)

CT

(State)

06897

(Zip Code)

## CHECK ONE:

☒ Certified Public Accountant☐ Public Accountant☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 21 2008

THOMSON  
FINANCIAL**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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3/20/08

## OATH OR AFFIRMATION

I, Gennaro J. Fulvio, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Bengal Partners, LLC, as of December 31, 2007, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Signature

Title

Notary Public

**SUSAN E. VANVELSON**  
Notary Public, State of New York

No. 01VA6045572  
Qualified in Ulster County  
Commission Expires July 31, 2010

This report \*\* contains (check all applicable boxes)

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

BENGAL PARTNERS, LLC

REPORT PURSUANT TO RULE 17a-5(d) OF  
THE SECURITIES AND EXCHANGE COMMISSION

FOR THE YEAR ENDED DECEMBER 31, 2007

BENGAL PARTNERS, LLC

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# **Halpern & Associates, LLC**

Certified Public Accountants and Consultants

218 Danbury Road • Wilton, CT 06897 • (203) 210-7364 • FAX (203) 210-7370 • [info@halpernassoc.com](mailto:info@halpernassoc.com)

## **INDEPENDENT AUDITORS' REPORT**

To the Members of  
Bengal Partners, LLC

We have audited the accompanying statement of financial condition of Bengal Partners, LLC (the "Company") as of December 31, 2007 and the related statements of income, changes in members' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Bengal Partners, LLC as of December 31, 2007, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on pages 8 to 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole, and in conformity with the rules of the Securities and Exchange Commission.

*Halpern & Associates, LLC*

Wilton, Connecticut  
January 29, 2008

BENGAL PARTNERS, LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2007

ASSETS

Cash	\$ 458,540
Receivable from clearing broker	251,249
Office equipment, at cost, net of accumulated depreciation of \$136,159	20,778
Other assets	<u>20,030</u>
 TOTAL ASSETS	 <u><u>\$ 750,597</u></u>

LIABILITIES AND MEMBERS' EQUITY

LIABILITIES	
Accrued expenses and other liabilities	\$ 213,453
 MEMBERS' EQUITY	 <u>537,144</u>
 TOTAL LIABILITIES AND MEMBERS' EQUITY	 <u><u>\$ 750,597</u></u>

The accompanying notes are an integral part of this statement.

BENGAL PARTNERS, LLC

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2007

REVENUE

Commission income	\$1,432,714
Other income	35,000
Interest and dividend income	<u>13,025</u>

TOTAL REVENUE 1,480,739

EXPENSES

Salaries and employee benefits	\$798,627
Clearance and commissions	154,320
Information services	104,930
Insurance	100,539
Commissions	49,933
Rent	42,033
Professional fees	41,420
Travel and entertainment	21,769
Telephone	16,111
Office supplies and expenses	12,007
Depreciation and amortization	5,957
Utilities	4,838
Regulatory fees and licenses	2,906
Taxes	1,469
Interest expense	<u>34</u>

TOTAL EXPENSES 1,356,893

NET INCOME \$ 123,846

The accompanying notes are an integral part of this statement.

BENGAL PARTNERS, LLC  
STATEMENT OF CHANGES IN MEMBERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2007

Members' equity - January 1, 2007	\$ 515,798
Net Income	123,846
Capital withdrawals	<u>(102,500)</u>
Members' equity - December 31, 2007	<u>\$ 537,144</u>

The accompanying notes are an integral part of this statement.



BENGAL PARTNERS, LLC  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES:

Net Income	\$ 123,846
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	\$ 5,957
(Increase) decrease in operating assets:	
Receivable from clearing broker	(12,050)
Other assets	3,155
Increase (decrease) in operating liabilities:	
Accrued expenses and other liabilities	<u>16,664</u>
 TOTAL ADJUSTMENTS	 <u>13,726</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 137,572

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of fixed assets	(20,645)
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CASH FLOWS FROM FINANCING ACTIVITIES:

Decrease in capital leases	(1,787)
Capital withdrawals	<u>(102,500)</u>

NET CASH USED IN FINANCING ACTIVITIES:	<u>(104,287)</u>
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NET INCREASE IN CASH	12,640
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CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>445,900</u>
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CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 458,540</u></u>
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SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Interest paid during the period	\$ 34
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The accompanying notes are an integral part of this statement.

**BENGAL PARTNERS, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

**1. NOTES ON SIGNIFICANT BUSINESS ACTIVITIES**

Bengal Partners, LLC (the "Company") was organized as a Delaware Limited Liability Company in March 1998 and began doing business as a registered broker-dealer in securities with the Securities and Exchange Commission and the National Association of Securities Dealers in June 1998. The Company operates on a fully disclosed basis through its clearing broker, Fortis Investments Services, LLC.

In the normal course of its business, the Company enters into financial transactions where the risk of potential loss due to changes in market (market risk) or failure of the other party to the transaction to perform (counterparty risk) exceeds the amounts recorded for the transaction.

The Company's policy is to continuously monitor its exposure to market and counter-party risk through the use of a variety of financial, position and credit exposure reporting and control procedures. In addition, the Company has a policy of reviewing the credit standing of each broker-dealer, clearing organization, customer and/or other counter-party with which it conducts business.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America required management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

The Company records commission income and related revenues and expenses on a trade date basis.

Security transactions and financing with the clearing broker are classified as operating activities on the statement of cash flows since this is the Company's principal business.

The Company maintains its books and records on an accrual basis in accordance with accounting principles generally accepted in the United States of America.

Depreciation of furniture and equipment is provided for using straight-line and accelerated methods over the estimated useful lives of the related property.

BENGAL PARTNERS, LLC  
NOTES TO FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2007

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include \$247,699 being held in money market funds.

4. INCOME TAXES

The Company is recognized as a Limited Liability Company (an "LLC") by the Internal Revenue Service. As an LLC, the Company is not subject to income taxes. The Company's income or loss is reportable by its members on their individual tax returns based on methodology prescribed in the Company's Operating Agreement.

5. LEASES

The Company occupies space in Darien, CT under a lease expiring April 30, 2012. Future minimum lease payments pertaining to this agreement are as follows:

<u>Year ending</u>	
December 31, 2008	45,064
December 31, 2009	46,636
December 31, 2010	48,208
December 31, 2011	49,780
April 30, 2012	<u>16,768</u>
	\$206,456

6. RULE 15C3-3

The Company is exempt from the provisions of Rule 15c3-3 under paragraph (k)(2)(ii) in that the Company carries no customer accounts.

7. NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule 15c3-1, which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2007, the Company had net capital of \$490,080, which exceeded the minimum requirement of \$50,000 by \$440,080. The Company's ratio of aggregate indebtedness to net capital ratio was .44 to 1.

BENGAL PARTNERS, LLC

COMPUTATION OF NET CAPITAL PURSUANT TO  
UNIFORM NET CAPITAL RULE 15C3-1

DECEMBER 31, 2007

CREDITS		
Members' equity		\$ 537,144
DEBITS		
Receivable from clearing broker	\$ 6,256	
Other assets	20,030	
Furniture and equipment, at cost, net of accumulated depreciation	<u>20,778</u>	
TOTAL DEBITS		<u>47,064</u>
NET CAPITAL		490,080
Minimum net capital requirement		<u>50,000</u>
EXCESS NET CAPITAL		<u>\$ 440,080</u>
AGGREGATE INDEBTEDNESS		
Accrued expenses and other liabilities		<u>\$ 213,453</u>

Ratio of aggregate indebtedness to net capital .44 to 1

RECONCILIATION OF ORIGINAL FOCUS REPORT TO AMENDED FILING

Original net capital reported	\$ 506,977
Audit adjustments that increased expenses	<u>(16,897)</u>
Amended net capital	\$ 490,080

STATEMENT PURSUANT TO PARAGRAPH (d)(4) of RULE 17a-5

There are no material differences between the above computation and the computation included in the Company's corresponding unaudited amended Form X-17A-5 Part IIA filing.

See the accompanying Independent Auditors' Report.

**BENGAL PARTNERS, LLC**

**COMPUTATION FOR DETERMINATION OF THE RESERVE REQUIREMENTS  
AND INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS  
FOR BROKERS AND DEALERS PURSUANT TO RULE 15c3-3**

**FOR THE YEAR ENDED DECEMBER 31, 2007**

The Company does not effect transactions for anyone defined as a customer under Rule 15c3-3. Accordingly, there are no items to report under the requirements of this Rule.

See the accompanying Independent Auditors' Report



## ***Halpern & Associates, LLC***

Certified Public Accountants and Consultants

218 Danbury Road • Wilton, CT 06897 • (203) 210-7364 • FAX (203) 210-7370 • info@halpernassoc.com

### **ACCOUNTANT'S SUPPLEMENTARY REPORT ON INTERNAL ACCOUNTING CONTROL**

To the Members of  
Bengal Partners, LLC

In planning and performing our audit of the financial statements and supplemental schedules of Bengal Partners, LLC (the "Company"), for the year ended December 31, 2007, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

Also, as required by rule 17a-5 (g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customer as required by Rule 15c3-3.

The management of the Company is responsible for establishing and maintaining an internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance

that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2007 to meet the SEC's objectives.

This report recognizes that it is not practicable in an organization the size of Bengal Partners, LLC to achieve all the divisions and duties and cross-checks generally included in a system of internal accounting control and that alternatively greater reliance must be placed on surveillance by management.

This report is intended solely for the information and use of Board of Directors, management, the SEC, the National Association of Securities Dealers, Inc., and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*Halpern & Associates, LLC*

Wilton, Connecticut  
January 29, 2007

**END**